

**Appendix D. Legislative Draft: Article 16, University Discretion  
as to University Employees**

**Article 16**

**University Discretion as to University Employees.**

**§ 126-100. Statement of Purpose**

The purpose of this Article is to provide The University of North Carolina with flexibility to meet its missions of teaching, research and scholarship, and public service, and to implement the findings of The University of North Carolina Tomorrow Commission's Final Report concerning meeting the 21<sup>st</sup> century challenges confronting this State, including the University being more actively engaged in enhancing economic transformation and community development. To achieve this purpose, The University of North Carolina must be able to attract, retain, and reward high quality employees, to meet the needs of its employees, and to improve the efficiency of the administration of its human resources programs, for all of which the University needs more flexibility in operating its human resources programs, so as to respond to needs and market conditions more rapidly. The University recognizes and values the work of the State Personnel Commission and the Office of State Personnel, and so seeks to remain a part of the state personnel system.

**§ 126-101. University personnel programs may be established; programmatic requests; approval and monitoring; rules and policies.**

(a) Subject to prior review and approval by the State Personnel Commission, the Board of Governors of The University of North Carolina may establish and maintain personnel programs for all employees of the University subject to the State Personnel Commission's jurisdiction, which programs and any substantial changes to the programs, shall be approved by the State Personnel Commission as substantially equivalent to the standards established under this Chapter for State employees.

(b) These programs may include:

- (1) compensation and rewards, including a vacation leave program for experienced hires, performance recognition and recruitment/retention bonuses, and competitive benefits (but excluding coverage provided by Chapter 135 of the General Statutes);
- (2) administration of the pay plan for University employees, including target University labor market rates;
- (3) position classification plans;
- (4) recruitment and selection standards, including career paths and development, internal promotion, and succession management planning;
- (5) performance management and accountability;

- (6) employee relations; and
- (7) training.

(c) A designee of the Board of Governors may petition the State Personnel Commission to determine whether any portion of its personnel programs meets the requirements of this section. Upon such determination, University of North Carolina employees shall be subject to the rules and policies of the substantially equivalent personnel programs rather than the related provisions of this Chapter. However, University employees subject to this Chapter shall not be exempt from the provisions of Articles 1, 5, 6, 7, 8, 13, 14, and 15 herein.

(d) No University employees otherwise subject to the provisions of this Chapter may be paid a salary less than the minimum nor more than the maximum of the applicable salary range adopted in accordance with this section without approval of the State Personnel Commission. Provided, however, that subject to the approval of the State Personnel Commission, the Board of Governors may adjust the salary ranges applicable to employees who are otherwise subject to the provisions of this Chapter, in order to cause the level of pay to conform to university market and pay practice. The State Personnel Commission shall adopt policies and regulations to ensure that significant relationships within the schedule of salary ranges are maintained.

(e) The General Assembly expects collaboration between the State Personnel Commission and The University of North Carolina to achieve needed personnel flexibility.

(f) No less than annually, The University of North Carolina's constituent institutions shall report to the Board of Governors, and the Board of Governors shall report to the State Personnel Commission about University personnel programs approved under this section to ensure compliance. The State Personnel Commission, through the Office of State Personnel, shall work with the Board of Governors and their designee to design and implement such reports.

(g) In order to define "substantially equivalent," the State Personnel Commission is authorized to promulgate rules and regulations to implement the federal merit system standards and these regulations at a minimum shall include: compensation and rewards; administration of the pay plan; position classification; recruitment and selection of employees; performance management and accountability; employee relations; training; and records and reports.